

THE IMPACT OF AUTO THEFT TRENDS ON AUTO INSURANCE RATES

A Report to the Michigan State Legislature

**Prepared by
Michigan's Automobile Theft Prevention Authority**

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AUTOMOBILE THEFT PREVENTION AUTHORITY

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PURPOSE AND SCOPE OF THE REPORT

The Michigan Automobile Theft Prevention Authority has conducted a review of auto theft rates and auto theft insurance rates in Michigan. Data was obtained from the Michigan Department of State Police, the Department of Consumer and Industry Services (Office of Financial and Insurance Services), the Department of Corrections, and the Department of State, which administers the titling of vehicles and the licensing and regulation of vehicle dealers and vehicle service repair facilities. The national and other state auto theft data were obtained from Federal Bureau of Investigation (FBI) publications.

This report was developed pursuant to the mandate set forth in the Michigan Insurance code (Public Act 10) as amended by Public Act 174 of 1992, which provides in pertinent part:

Sec. 6111. By July of every odd numbered year, the automobile theft prevention authority shall prepare a report that details the theft of automobiles occurring in this state for the previous 2 years, assesses the impact of the thefts on rates charged for automobile insurance, summarizes prevention programs, and outlines allocations made by the authority. The director of the department of state police, insurers, the state court administrative office, and the commissioner shall cooperate in the development of the report as requested by the automobile theft prevention authority and shall make available records and statistics concerning automobile thefts, including the number of automobile thefts, number of prosecutions and convictions involving automobile thefts, and automobile theft recidivism. The automobile theft prevention authority shall evaluate the impact automobile theft has on the citizens of this state and the costs incurred by the citizens through insurance, police enforcement, prosecution, and incarceration due to automobile thefts. The report required by this section shall be submitted to the senate and house of representatives standing committees on insurance and the commissioner.

This report specifically addresses the period of 1999 to 2001 and compares auto theft crime trends both nationally and in Michigan. To provide the broad perspective and continuity with previous reports, some data is also presented for the period from 1986 to 1999. The report includes a brief summary of the major components of Michigan's comprehensive and cooperative effort against auto theft.

INTRODUCTION AND BACKGROUND

In 1985, 75,123 motor vehicles were stolen from Michigan residents—the fourth highest state total in the nation. At that time, Michigan's theft rate of 828 per 100,000 population was the second highest in the nation. Residents demanded that government focus its resources to combat this serious problem, but additional tax revenues were not available.

On their own initiative, the Michigan Anti-Car Theft Campaign Committee (ACT) had been developing a coalition to increase public awareness of the auto theft problem and possible solutions. ACT's coalition included representatives from community groups, law enforcement, banking, insurance, car rental agencies, automotive manufacturers, prosecutors, judiciary, and the general public. It was ACT's view that cooperation and trust between all those groups would assist in resolving Michigan's auto theft problem.

In response to the public's reaction to the stress of losing their personal means of transportation and the resulting higher insurance premiums to pay for the vehicles which disappeared, Michigan's legislature developed (P.A. 10 of 1986) an Automobile Theft Prevention Authority (ATPA). The ATPA was funded by an annual one dollar assessment on each insured non-commercial passenger vehicle, plus interest earned by investing those funds. The ATPA assessment (approximately \$6.3 million annually) would be collected by insurance companies with their normal premiums and passed on to the ATPA once each year.

From 1986 through 2002, the ATPA program has provided nearly \$90 million to grant programs that focus on all aspects of the auto theft problem. Non-profit groups have been funded to teach theft prevention techniques to residents and assist the police to identify the location of thieves or chop shops. Law enforcement consortiums have been allowed to specifically focus on the investigation and apprehension of car thieves. Prosecutors have been able to concentrate on the intricacies of auto theft cases and to convince judges/juries of the seriousness of those crimes.

Fortunately, the objectives of the ATPA have been enhanced by activity in other areas. The legislature has built additional prisons that can house convicted auto thieves for longer periods of time. The Department of State has implemented programs that have successfully closed some loopholes in the salvage vehicle title area and monitor the use of stolen parts by automotive repair facilities. Most automobile manufacturers have taken steps to make it more difficult for thieves to steal vehicles. Many insurance companies have developed their own special auto theft investigation units and have funded a hot-line program (H.E.A.T.) whereby people can be rewarded for information which leads to the arrest of an auto thief. Many vehicle owners have taken advantage of new technological devices to keep their vehicles safe—with alarms, kill switches, electronic tracking systems, and steering wheel locks.

The result of all these comprehensive and cooperative efforts has dramatically reduced Michigan's auto theft problem. In 2001, Michigan residents experienced 52,310 motor vehicle thefts—a reduction of 27% from 1986's total of 72,021. In relation to other states, Michigan is still number four in total thefts, but has fallen from first in theft rate per 100,000 population to 9th (1984-2001). From 1986 to 2001, Michigan's theft rate has been reduced by 33.5%. In contrast to Michigan's success story, national auto thefts are still at 1986 levels, and the national auto theft rate per 100,000 has decreased 15%. The 2001 FBI Uniform Crime Report indicates 1,226,457 thefts in the nation, which means a vehicle theft occurred about every 25 seconds, and the value of stolen vehicles was more than \$8 billion.

Michigan's success against auto theft has kept the comprehensive insurance premiums many of our motorists pay lower than they could be. Even though the average price of new automobiles has likely doubled since 1986, major insurers have only raised the rate they charge for comprehensive coverage (that portion of vehicle insurance which pays off an insured if their vehicle is stolen) by 33% during that time period.

EXECUTIVE SUMMARY

This executive summary highlights the major points presented in the report.

Motor Vehicle Theft Experience Nationally and in Michigan			
<u>MICHIGAN</u>		<u>NATION</u>	
54,018	1999 Thefts	1,147,305	
-9.7%	% Change 1997—1999	-15.2%	
52,310	2001 Thefts	1,226,457	
-3.2%	% Change 1999—2001	+6.9%	
547.6	1999 Theft Rate	420.7	
-10.5%	% Change 1997—1999	-16.8%	
523.6	2001 Theft Rate	430.6	
-4.4%	% Change 1999—2001	+2.4%	

If Michigan's Motor Vehicle thefts through 2001 had simply remained constant at the 1985 level (75,123) instead of falling 30.4%, Michigan residents and businesses would have lost an additional 228,830 vehicles over the 16-year period. Using the FBI estimate average vehicle value of \$6,646, those additional thefts would have cost Michigan citizens and insurers over \$1.5 billion.

- Noteworthy Facts About Michigan for the 1999-2001 Period:
 - Motor vehicle thefts down 3.2%
 - Theft rate per 100,000 population down 4.4%
 - Percentage of vehicles recovered up 1.1%
 - Motor vehicle theft arrests down 3%
 - Prison commitments for motor vehicle theft related crimes up 6.4%
 - Prison inmates held on motor vehicle theft related crimes up 6.4%
- According to the National Association of Insurance Commissioners (NAIC) March 2000 report, Michigan, which was the fifth highest state in average comprehensive premiums paid in 1987, has fallen to 15th place in 2000. As a result of this positive change, Michigan residents saved \$28 by not being in fifth place.
- The Insurance Information Association of Michigan reports that auto insurance rates rose 3% during 2001.

MICHIGAN'S

MOTOR VEHICLE THEFT EXPERIENCE

NUMBER OF THEFTS

From 1986 to 2001, Michigan's motor vehicle theft incidents decreased 27%. In that fifteen-year period, the number of motor vehicle thefts declined each year except 1994 and 1996.

Michigan's success cannot be attributed to an overall national trend. The national trend on motor vehicle theft has been down but by a much smaller percentage. The FBI's Uniform Crime Report for 2001 indicates that national motor vehicle thefts have increased marginally since 1986.

To further illustrate Michigan's successful effort against motor vehicle theft, Michigan thefts represented 5.9% of the national total in 1986. For 2001, Michigan only contributed 4.3% of the national total. Table 1 indicates both Michigan and national experience with motor vehicle theft.

<p style="text-align: center;">TABLE 1</p> <p style="text-align: center;">Motor Vehicle Theft Experience Nationally and in Michigan 1986-2001</p>				
<u>NATIONAL</u>			<u>MICHIGAN</u>	
Year	No. of Thefts	% Change	No. of Thefts	% Change
1986	1,224,137		72,021	
1987	1,288,674	5.3%	68,415	-5.0%
1989	1,564,800	21.4%	65,297	-4.6%
1991	1,661,738	6.2%	62,636	-4.1%
1993	1,561,047	-6.1%	56,670	-9.5%
1995	1,472,732	-5.7%	57,895	+2.2%
1997	1,353,707	-8.1%	59,826	+3.3%
1999	1,147,305	-15.2%	54,018	-9.7%
2001	1,226,457	6.9%	52,310	-3.2%
1986-2001 Change		+0.2%	-27.4%	

Source: FBI and Michigan Uniform Crime Reports 1986-2001

In addition, Michigan is one of 10 states that have consistently accounted for approximately 69% of the nation's motor vehicle thefts. In 1985, Michigan had the fourth highest number of motor vehicle thefts in the nation, but in 1991, Michigan dropped to seventh place on the list. For 2001, Michigan is in fourth place.

THEFT RATE PER 100,000 POPULATION

In 2001, Michigan's motor vehicle theft rate per 100,000 population was 523.6—a reduction of 33.5% from 1986. In comparison, the national theft rate was 430.6—a reduction of 15.2% from 1986. Even though Michigan's theft rate has fallen faster than the national theft rate, Michigan's rate is still higher than the national average. Michigan's theft rate was almost 81% higher than the national rate back in 1985 (827.8 vs. 457.5) but had fallen below the national rate in 1993. Michigan's theft rate ranking has fallen from the highest nationally in 1984 to 9th place in 2001 and is now only 22% higher than the national rate.

<p>TABLE 2</p> <p>Motor Vehicle Theft Rate Per 100,000 Population Nationally and in Michigan 1986-2001</p>				
<u>NATIONAL</u>			<u>MICHIGAN</u>	
Year	MVT	% Change	MVT	% Change
1986	507.8		787.5	
1987	529.4	4.3%	743.6	-5.6%
1989	630.4	19.1%	704.2	-5.3%
1991	659.0	4.5%	668.6	-5.1%
1993	605.3	-8.2%	597.9	-10.6%
1995	560.5	-7.4%	606.3	1.4%
1997	505.8	-9.8%	612.1	1.0%
1999	420.7	-16.8%	547.6	-10.5%
2001	430.6	2.4%	523.6	-4.4%
1986-2001 Change		-15.2%	-33.5%	

Source: FBI and Michigan Uniform Crime Reports 1986-2001

<p style="text-align: center;">TABLE 3</p> <p style="text-align: center;">Motor Vehicle Thefts for Top 25 Michigan Counties 1986-2001</p>								
COUNTY	1986 MVT	1995 MVT	1997 MVT	1999 MVT	2001 MVT	% CHANGE 1995—1997	% CHANGE 1997—1999	% CHANGE 1999—2001
WAYNE	43,300	37,538	40,985	34,106	31,349	9	(17)	(8)
OAKLAND	9,310	4,198	3,383	3,466	3,683	(19)	2	6
GENESEE	3,290	3,020	4,005	3,252	3,302	33	(19)	2
MACOMB	5,832	2,965	2,179	2,572	3,038	(27)	18	18
KENT	1,778	1,284	1,557	1,415	1,359	21	(9)	(4)
WASHTENAW	1,449	1,075	921	912	927	(14)	(1)	2
KALAMAZOO	591	836	609	738	804	(27)	21	9
INGHAM	812	1,077	622	648	764	(42)	4	18
SAGINAW	569	593	597	609	747	1	2	23
MUSKEGON	331	470	416	1,079	614	(11)	159	(43)
CALHOUN	244	499	564	503	541	13	(11)	8
JACKSON	308	272	368	394	477	35	7	21
BERRIEN	408	561	317	429	458	(43)	35	7
MONROE	279	354	396	321	358	12	(19)	12
ST. CLAIR	261	239	257	296	308	8	15	4
BAY	175	260	176	227	233	(32)	29	3
OTTAWA	194	145	251	264	222	73	5	(16)
VAN BUREN	150	168	139	162	203	(17)	17	25
LIVINGSTON	204	151	160	223	202	6	39	(9)
EATON	122	85	168	135	170	98	(20)	26
LENAWEE	125	117	88	67	120	(42)	(1)	79
ALLEGAN	74	107	125	122	119	17	(2)	(2)
GRAND TRAVERSE	99	68	84	113	119	24	35	5
MONTCALM	79	73	82	98	115	12	20	17
LAPEER	131	97	44	94	89	(55)	114	(5)
STATE TOTAL	72,021	57,895	59,826	54,018	52,310	3	(10)	(3)

Source: Michigan Uniform Crime Reports 1986-2001

Table 3 illustrates that from 1999 to 2001, the number of motor vehicle thefts in seven of Michigan's high theft major counties have improved (fallen), but in 18 counties the thefts have increased. However, in the 1986 to 2001 time period, the ATPA has concentrated most of its grant resources in the ten counties with the highest theft, and six of those counties have lowered thefts. The ATPA simply does not have enough resources to win the war with the auto thieves in all locations. The number of law enforcement officers ATPA supports has fallen from 99 in 1988 to 76 in 2001.

MOTOR VEHICLE VALUE

While the number of motor vehicles stolen in Michigan has been reduced from 1997 to 2001, the increased cost of those vehicles has caused the value of stolen vehicles to grow nearly \$68 million. This follows the overall trend in total property stolen, which increased in value by 32% during the same time period. Table 4 reveals some other interesting facts:

- 1) The value of stolen property has increased nearly \$247 million since 1999—a major increase of 38%.
- 2) The value of stolen vehicles has increased nearly \$125 million since 1999—a major increase of 27%.
- 3) Stolen motor vehicles represent 60.1% of total property value stolen, a reduction of 9% since 1997.
- 4) Recovered motor vehicles represent 96.2% of total property value recovered—a minor increase from 1999.
- 5) Less than 37% of stolen property was recovered in 2001—a 16% decrease from 1997.
- 6) Over 59% of stolen motor vehicle value was recovered in 2001—a 15% decrease from 1999.
- 7) The value of total recovered property and recovered vehicles is up only 1% and 2% respectively from 1999.

The conclusions which may be suggested from this data are that:

- 1) Historically, stolen property increases significantly during a recession.
- 2) The fact that less value is being recovered may reflect recent trends to burn vehicles in order to collect insurance pay-offs. The vehicle is recovered, but the value is basically gone. This could indicate that law enforcement resources are being eroded by economic factors, and there are not enough officers to respond to both violent crimes and property crimes.

<p style="text-align: center;">TABLE 4</p> <p style="text-align: center;">Motor Vehicle Portion of Total Value of Stolen/Recovered Property in Michigan (Thousands of Dollars) 1997-2001</p>						
	1997	CHANGE 1995-1997	1999	CHANGE 1997-1999	2001	CHANGE 1999-2001
Total Property Stolen	677,371	+2.0%	647,560	-4.4%	894,019	+38.1%
Value Stolen Vehicles	468,288	+3.1%	421,550	-10.0%	536,904	+27.4%
MV's % of Total Stolen	69.1%	+0.7%	65.1%	-4.0%	60.1%	-5.0%
Total Property Recovered	359,899	+22.2%	327,825	-8.9%	330,271	+0.7%
Value Recovered Vehicles	350,284	+23.9%	311,843	-11.0%	317,869	+1.9%
MV's % of Total Recovered	97.3%	+1.4%	95.1%	-2.2%	96.2%	+1.1%
% Total Property Value Recovered	53.1%	+8.7%	50.6%	-2.5%	36.9%	-13.7%
% Stolen Vehicle Value Recovered	74.8%	+12.6%	74.0%	-0.8%	59.2%	-14.8%

Source: Michigan Uniform Crime Reports 1995-2001

MOTOR VEHICLES FREQUENTLY STOLEN BY MAKE AND MODEL

The Michigan Law Enforcement Information Network (LEIN) captured all the vehicles reported stolen in their system during 2002 and compiled a list of the most frequently stolen automobiles by make and model. (See list below.)

MICHIGAN TOP TEN MOST STOLEN CARS - 2002	
1.	2000 Jeep Cherokee
2.	2000 Dodge Intrepid
3.	2002 Dodge Stratus
4.	2002 Chrysler Sebring
5.	1999 Dodge Intrepid
6.	2002 Pontiac Grand Am
7.	2001 Dodge Neon
8.	1994 Plymouth Voyager
9.	2001 Dodge Stratus
10.	1989 Chevrolet Caprice

Source: Michigan LEIN

According to a study recently conducted by the National Insurance Crime Bureau (NICB), a car that is popular with thieves when new will remain a theft target for about six years. The NICB theorizes that: 1) as a model line ages, its parts become more valuable if the model is not significantly redesigned; 2) it seems to take thieves three years to fully solve the manufacturer's theft deterrence systems; 3) owners of older cars are less vigilant about installing after-market anti-theft devices and/or locking the vehicle.

Table 5 shows the ten highest theft rates for new cars with a total production in 2000 of 100,000 or more, based on the most recent list published by the National Highway Traffic Safety Administration. The rate listed is the number of thefts in 2000 per 1,000 cars manufactured in that same year.

TABLE 5 2000 Model Year Cars With the Highest Theft Rate in U.S.* (Per 1,000 Cars Manufactured)	
MAKE AND MODEL	THEFT RATE
1. Dodge Stratus	8.8
2. Dodge Intrepid	8.6
3. Dodge Neon	7.0
4. Jeep Cherokee	6.8
5. Honda Civic	5.3
6. Pontiac Grand Am	5.3
7. Oldsmobile Alero	4.9
8. Kia Sephia/Spectra	4.8
9. Toyota Corolla	4.5
10. Ford Mustang	4.1

Source: National Highway Traffic Safety Administration, 2002

*Production - 100,000 minimum.

MOTOR VEHICLE THEFT ARRESTS

As Table 6 displays, from 1999 to 2001, the number of subjects arrested for motor vehicle theft related crimes fell 3%. During that time period, the number of motor vehicles stolen in Michigan fell 3.2%. Other interesting demographic trends are:

- 1) Female arrests represent 16.5% of the total—up 2.8% from 1997.
- 2) Juvenile arrests represent 28.5% of the total—down 6.4% from 1997.
- 3) Adult male arrests represent 61.5% of the total—up 3.5% from 1997.
- 4) Juvenile male arrests represent 21.9% of the total—a reduction of 6.4% from 1997.

<p style="text-align: center;">TABLE 6</p> <p style="text-align: center;">Michigan Motor Vehicle Theft Arrests Subject's Age and Sex 1997-2001</p>						
	1997	% CHANGE 1995-1997	1999	% CHANGE 1997-1999	2001	% CHANGE 1999-2001
Total Arrests	2,600	-21.3	2,730	+5.0	2,648	-3.0
Male % Total	2,244 86.3	-21.3	2,297 84.1	+2.4	2,210 83.5	-3.8
Female % Total	356 13.7	-20.7	433 15.9	+21.6	438 16.5	+1.2
Adult % Total	1,692 65.1	-16.8	1,905 69.8	+12.6	1,894 71.5	-0.6
Juvenile (under 17) % Total	908 34.9	-28.3	825 30.2	-9.1	754 28.5	-8.6
Male Adult % Total	1,507 58.0	-17.5	1,654 60.6	+9.8	1,630 61.5	-1.5
Female Adult % Total	185 7.1	-11.1	251 9.2	+35.7	264 10.0	+5.2
Male Juvenile % Total	737 28.3	-28.2	643 23.5	-12.8	580 21.9	-9.8
Female Juvenile % Total	171 6.6	-29.0	182 6.7	+6.4	174 6.6	-4.4

Source: Michigan Uniform Crime Reports

INDEX CRIMES: MOTOR VEHICLE THEFTS AND ARRESTS

Index crimes include the following eight offenses: murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson.

Those crimes were selected by the National Uniform Crime Reporting system as the standard measure of criminal activity trends in the United States.

Table 7 indicates that the motor vehicle theft crimes portion of total index crime fell from 13.9% in 1997 to 12.9% in 2001.

If the incident of a crime is decreased, then the number of subjects arrested for that crime is expected to decrease also. However, from 1997 to 2001, the number of motor vehicle theft arrests rose 2% while thefts decreased 12.6%. This disparity may suggest that thieves are committing fewer theft incidents prior to apprehension by specially trained officers supported by ATPA grant funds. During this four-year period, the motor vehicle theft arrests portion of total index crime arrests rose from 4.3% to 4.8%.

Other trends which deserve comment are: 1) from 1997 to 2001, the number of adults arrested for motor vehicle theft rose from 3.6% of total adult index arrests to 4.3%; 2) the number of juveniles arrested for motor vehicle theft has increased from 6.5% of total juvenile index arrests to 7.2%; and 3) juvenile motor vehicle theft arrests fell 17.0%.

<p>TABLE 7</p> <p>Michigan Motor Vehicle Thefts and Arrests</p> <p>As A Percentage of Index Crimes</p> <p>1997-2001</p>						
	1997	CHANGE 1995-1997	1999	CHANGE 1997-1999	2001	CHANGE 1999-2001
# Index Crimes	429,537	-7.2%	407,334	-5.2%	405,633	-0.4%
MVT Incidents	59,826	+3.3%	54,018	-9.7%	52,310	-3.2%
% of Index	13.9%		13.3%		12.9%	
# Index Arrests	61,082	-11.0%	56,410	-7.6%	54,669	-3.1%
# MVT Arrests	2,600	-21.3%	2,730	+5.0%	2,648	-3.0%
% of Index	4.3%		4.8%		4.8%	
# Index Adult Arrests	47,061	-10.7%	45,364	-3.6%	44,158	-2.7%
# MVT Adult Arrests	1,692	-16.8%	1,905	+12.6%	1,894	-0.6%
% of Index	3.6%		4.2%		4.3%	
# Juv. Index Arrests	14,021	-12.1%	11,046	-21.2%	10,511	-4.9%
# Juv. MVT Arrests	908	-28.3%	825	-9.1%	754	-8.6%
% of Index	6.5%		7.5%		7.2%	

Source: Michigan Uniform Crime Report

AUTOMOBILE THEFT PREVENTION AUTHORITY

The Automobile Theft Prevention Authority (ATPA) was established as a temporary program by Act 10, P.A. of 1986, to reduce economic automobile theft in the State of Michigan. As a result of the program's success, it was given permanent status by Act 174, P.A. of 1992. The Authority is directed by a seven-member board of directors appointed by the Governor with consent of the Senate. This seven-member board contains: two representatives of automobile insurance purchasers; two representatives from Michigan insurance companies; two representatives from law enforcement agencies; and the director of the Department of State Police. The board of directors meets quarterly at various locations around the state, and notice of the time, date, and place is published in accordance with the open meetings act.

The activities of the Authority are funded by annual assessments on automobile insurance companies of \$1 per private passenger car premium earned in the previous year. Those funds (annual revenues of \$6.3 million) are collected from policyholders and passed on to the ATPA each year. The ATPA board provides financial support to non-profit tax-exempt organizations (law enforcement agencies, county prosecutors, and neighborhood or community organizations) that show a good potential for fulfilling the Authority's mission of reducing auto theft. (Appendix IV lists 2003 projects and the funding provided.)

LAW ENFORCEMENT

The ATPA board is convinced that placing specially trained officers in the field to focus on auto theft criminals is the most effective method of reducing thefts. They have historically committed over 80 percent of the Automobile Theft Prevention funds to supporting law enforcement consortiums in high theft areas. As the following performance summary indicates, these special auto theft units have been very productive.

YEAR	ARRESTS	RECOVERY INCIDENTS	\$ VALUE RECOVERED
1989	1,464	2,096	17,669,200
1990	2,011	1,853	17,063,700
1991	2,004	2,956	18,869,900
1992	2,193	2,224	18,558,600
1993	2,130	2,405	17,600,400
1994	2,114	2,183	16,396,200
1995	2,007	2,417	19,400,000
1996	2,662	2,856	24,965,100
1997	2,584	2,705	23,656,100
1998	2,423	2,905	26,560,315
1999	2,990	3,137	34,424,931
2000	3,336	3,681	40,472,663
2001	3,346	3,887	35,168,453
2002	2,987	3,633	31,758,922
TOTALS	34,251	38,938	\$342,564,484

A special review of ATPA funded law enforcement teams' activity found that in seven years, from 1996 to 2002, those teams were involved in 4,181 insurance fraud cases that recovered vehicles valued at \$27.3 million. Without the ATPA teams, these fraudulent claims would have been paid by insurance companies.

PROSECUTION

In order to provide maximum attention to auto thieves, the ATPA board funds eight assistant prosecutors in five counties with serious auto theft problems. These specially trained assistant prosecutors vertically prosecute (handle cases through both district and circuit court systems) the thieves and seek the maximum sentence length on all convictions. From 1992 to 2002, they have successfully obtained a conviction on 80% of the arrested subjects and over 74% of the subjects who take the issues to trial.

Over 50% of the subjects who are sentenced are incarcerated. Thieves who avoid jail are placed on probation and usually fined or required to make restitution to the rightful owners. A summary of the prosecutors' activity is offered below.

YEAR	WARRANTS ISSUED	GUILTY PLEAS	TRIALS	TRIAL CONVICT.	JAIL SENTENCE	PROBATION SENTENCE
1992	1,521	1,096	149	83	466	523
1993	1,601	936	127	85	366	438
1994	1,724	1,043	126	92	482	565
1995	1,557	1,067	98	57	575	514
1996	2,088	1,350	82	66	736	621
1997	2,234	1,483	110	75	835	833
1998	2,225	1,575	99	74	837	789
1999	2,251	1,356	102	90	665	671
2000	2,419	1,456	122	94	767	658
2001	3,417	1,655	113	104	853	757
2002	2,777	2,122	96	87	1,109	1,077
TOTALS	23,814	15,139	1,224	907	7,691	7,446

PREVENTION

As important as law enforcement officers and assistant prosecutors are in responding to auto thefts, the ATPA board is convinced that any comprehensive effort against auto theft must include the prevention activities of non-profit community groups. Historically, the ATPA has expended about two percent of its grant monies on the non-profit community groups, but those groups have provided valuable "street" information to law enforcement teams which leads to many arrests or vehicle recoveries.

The non-profit groups hold block club meetings to teach residents how to prevent auto theft, organize neighborhood watch or CB patrol programs, etch the vehicle identification number (VIN) onto the glass of resident's automobiles (40,000 since 1989), and distribute printed materials (flyers or newsletters) regarding auto theft prevention. These activities are primarily responsible for increasing neighborhood awareness of auto theft and advertising auto theft tip hot lines which provide a pipeline of information to law enforcement teams.

ANTI-THEFT DEVICES

The Automobile Theft Prevention Authority was charged in Act 10, P.A. 1986, with the responsibility for approving automobile theft prevention devices. Therefore, the ATPA board decided to address devices in broad general terms so that it would not have to revise the list of devices every time a new one was introduced to the market.

On March 23, 1987, the Authority approved interim standards for automobile theft prevention devices. Installation of those devices qualified the insured for a reduction in the automobile's comprehensive insurance premium. Each company determines the amount of the reduction.

Table 8 indicates the discounts on comprehensive premiums offered by major insurers.

In response to Act 143, P.A. 1993, the ATPA Board approved new standards for automobile theft prevention and recovery devices at its June 1994 meeting. A copy of these standards is attached as Appendix V.

TABLE 8		
Anti-Theft Device Discounts Offered by Six Major Michigan Insurers		
<u>Company</u>	<u>Device</u>	<u>Discount</u>
Allstate	All devices	5%
Auto Club	-Encoded or Pass Key device	25%
	-Passive or pass key	10%
	-Active device or VIN etching	5%
Auto-Owners	-Passive device	10%
	-Active device and VIN etching	10%
	-Active device/VIN etching/Alarm	5%
Citizens	-Tele-Trac device	25%
	-Lo-Jack Retrieve and Lo-Jack Prevent	20%
	-Passive device	5%
	-Active device and VIN etching	10%
	-Active device/VIN etching/Alarm	5%
Farmers Exchange	-All devices	3%
State Farm Mutual	-Passive device	10%
	-Active device AND VIN etching	10%
	-Active device/VIN etching/Alarm	5%

Source: Office of Financial and Insurance Services

DEPARTMENT OF CORRECTIONS

Most law enforcement officers and special prosecutors involved with auto theft believe their efforts are successful if the thief is taken off the street and put into prison for as long as possible. From 1985 to 1990, Michigan's legislature funded the construction of 17 new state correctional facilities with a capacity for an additional 10,043 prisoners. While the building program made extra space available for auto thieves, new prisons are very expensive and judges quickly sentenced more than enough criminals to fill them. Prison population grew 75 percent from 1986 to 1991 (20,739 to 36,293).

Since 1991, the state has slowed the construction of new correctional facilities and implemented a new strategy for diverting non-violent/low-risk offenders to appropriate parole/probation supervision at the community level. State prison space is reserved for the violent and chronic property offenders who pose the greatest risk to the public. However, prison population has grown another 37 percent from 1991 to 2001 (36,293 to 49,600).

For the two-year period covered by this report (1999 to 2001), prison population increased 6.4 percent (46,617 to 49,600).

The number of new prison commitments for auto theft related crimes has remained fairly consistent since 1993—averaging about 800 annually. We estimate that motor vehicle theft related commitments have kept pace with the 6.4 percent increase in total prison population. Therefore, during 2001 there would have been 811 new prisoners committed for auto theft offenses.

TABLE 9					
Motor Vehicle Theft and Motor Vehicle Theft Related Prison Commitments in Michigan 1993-2001					
YEAR	1993	1995	1997	1999	2001
COMMITMENTS	816	715	890	763	811

*Figures detailing court dispositions of commitments do not necessarily measure exact number of people since a person may be convicted or committed to prison for more than one offense in a year.

Source: Michigan Department of Corrections Annual Statistical Reports

Table 10 illustrates that from 1993 to 2001, the number of inmates in prison for motor vehicle theft related crimes has stayed fairly consistent also—averaging about 2,100. Again, utilizing the 6.4 percent overall growth in prison population, we estimate that during 2001 there were 2,412 prisoners housed for auto theft related crimes.

<p style="text-align: center;">TABLE 10 Motor Vehicle Theft and Motor Vehicle Theft Related Prison Population in Michigan 1993-2001</p>					
YEAR	1993	1995	1997	1999	2001
PRISONERS	2,037	1,874	2,083	2,267	2,412

Source: Michigan Department of Corrections Annual Statistical Reports

DEPARTMENT OF STATE

The Department of State, Bureau of Legal and Regulatory Services (formerly the Bureau of Automotive Regulation) Automotive Complaint Resolution Division and the Enforcement Division continue to work with law enforcement as they have in past years. From October 1, 2001, to September 30, 2002, Automotive Complaint Resolution Division Investigators conducted 22 inspections of businesses with the assistance of law enforcement officers. As a result of these inspections, 17 stolen vehicles were identified and 25 stolen or unidentified major component parts were found.

From those findings, 18 subjects were arrested on the following charges: false statement on a title; criminal enterprise/odometer tampering; possession and use of counterfeit 15-day temporary registrations; operation of a chop shop; receiving and concealing stolen property; and insurance fraud.

Enforcement Division Investigators conducted investigations and requested warrants on 11 new allegations of auto theft through title fraud. Five cases resulting in five convictions moved through the court system during this period. A total of ten cases remain to be adjudicated.

POLICE OFFICER TRAINING

Southeastern Operations Section Manager, James Jenkins, conducted a training session for the Detroit Police Department, Commercial Auto Theft Section, in April 2003. The Detroit PD recently acquired four new officers and requested the training, which consisted of dealer record keeping requirements, as well as proper procedures for completing titles, temporary registrations, and dealer plate usage. Training on identifying counterfeit Department of State documents was presented by Enforcement Division staff to six local law enforcement groups during the fiscal year.

SALVAGE RECERTIFICATION

After a salvage vehicle is rebuilt, it must be certified before it can get a "rebuilt" designation and be registered for use. Only inspectors certified by the Department of State may perform salvage inspections. Inspectors focus their attention on the major component parts that have been replaced on the rebuilt vehicle and require proof of purchase and replacement of each part identified as damaged. The salvage inspector reviews all documents presented for authenticity. Part numbers are run through the Law Enforcement Information Network (LEIN) to determine if stolen.

Bureau of Legal and Regulatory Services personnel will be conducting training for 30 new salvage inspectors in June 2003. The 230 existing Salvage Inspectors will receive updated information following that training. Ten new inspectors were certified during the 2001-2002 fiscal year.

HELP ELIMINATE AUTO THEFT (H.E.A.T.) PROGRAM

In October of 1985, Michigan insurers initiated a statewide tip reward program, H.E.A.T. (Help Eliminate Auto Thefts), to encourage citizen participation and cooperation with law enforcement agencies to curb auto theft related activity. By calling 1-800-242-H.E.A.T., callers can provide confidential information on auto theft. H.E.A.T. rewards hotline callers with up to \$1,000 for information that leads to the arrest and prosecution of a suspected car thief and up to \$10,000 if the tip results in the arrest and prosecution of a suspected theft ring member and/or chop shop operator. In addition, as a result of the increased incidence of the life threatening crime of carjacking, a \$2,000 reward is paid for information leading to the issuance of a warrant for a carjacking suspect.

The program is funded through and administered by the Michigan Automobile Insurance Placement Facility, an association of automobile insurers in the state. The H.E.A.T. tip line (1-800-242-HEAT) is answered by a law enforcement consortium, which is funded by the Automobile Theft Prevention Authority (ATPA). Calls ring into the Michigan State Police office and are then funneled to the appropriate ATPA funded group or directly to another police agency for immediate investigation.

Considered a trailblazer in the area of auto theft prevention, the H.E.A.T. Program provides free materials such as posters, flyers, and litter bags, as well as two interactive exhibits and H.E.A.T. speakers for ATPA funded groups and other interested parties. H.E.A.T. is a perfect example of how insurance companies, law enforcement agencies, businesses, and the citizens of Michigan can join together to Help Eliminate Auto Theft. For more information on H.E.A.T., call 734/464-1100.



H*E*A*T RECORD

10/85—12/02

Tip Calls Received	--	5,916
Tips Paid	--	1,585
Tip \$ Awarded	--	\$2,479,065
Suspects Arrested	--	2,578
Vehicles Recovered	--	3,161
Value of Recovery	--	\$36,948,116

1-800-242-HEAT

PRIVATE SECTOR TECHNOLOGY

TECHNOLOGICAL ASSISTS TO THEFT PREVENTION

Since 1986, several innovations have provided some additional protection or theft deterrence to automobile owners. Manufacturers have strengthened door locks and made the locking mechanisms more difficult to defeat. Steering wheel columns have been redesigned and strengthened to make the thieves' job more time consuming. Ignition systems have been reinforced, relocated, and redesigned so they are more difficult to defeat. Microcomputer chips have been added to ignition keys so the vehicle will not start unless the vehicle's computer reads a unique electronic code on the key. Many new vehicles cannot be stolen without the original key.

The after market has successfully marketed many auto theft prevention techniques: steering wheel locks, metal column wraps, alarms, kill switches, and electronic tracking devices. The tracking devices are able to either provide police with the exact location of the vehicle or allow police to find the vehicle with a homing device. Either way the vehicle is usually recovered in a matter of hours. Even side window glass can be strengthened with a clear film which prevents the glass from disintegrating into glass pellets when a thief hits it with a hard object.

Since 1986 the federal government has required that manufacturers of high theft vehicles place a tag with the vehicle identification number on 13 major component parts of the vehicle. The tags are usually white and are glued to the parts. Thieves' attempts to remove and replace this parts marking with computer generated ones are hampered by special tear away glues, logos hidden in the tags, and chemical footprints left behind if the tag is removed.

The State Police Automated Fingerprint Identification System (AFIS) has assisted in the identification of the auto thieves. Prior to this system being implemented, auto theft investigators would dust a recovered vehicle for prints, but if the prints were not manually matched with a known local suspect, they were not able to follow up on the lead. With AFIS, auto theft investigators can access a statewide computer database of fingerprints and have a better chance of identifying a suspect.

OFFICE OF FINANCIAL AND INSURANCE SERVICES

IMPACT ON INSURANCE PREMIUM COSTS

One of the primary reasons for the creation of the Michigan Automobile Theft Prevention Authority was that high auto thefts were driving the cost of auto insurance higher. Premiums for comprehensive coverage, which is the portion of an auto insurance policy which pays for the theft of a motor vehicle, were climbing steadily and the increase was largely related to the high rate of motor vehicle thefts. From 1986 to 2001, premiums charged by auto insurers for comprehensive coverage have, in general, reflected the decrease in motor vehicle theft rates. However, rating factors for comprehensive coverage on newer or more expensive vehicles will generally result in higher premiums even if overall comprehensive rates are lowered.

In order to generate the rate data provided in Table 11, we used actual costs for comprehensive coverage in the 16 rating areas for six of the top insurers in 2000 and 2002. By compiling the 16 areas and dividing by 16, we arrived at the average cost of comprehensive coverage. This methodology indicates that one insurer has raised premiums substantially, two insurers have raised premiums moderately, one insurer has raised premiums marginally, one insurer has lowered premiums moderately, and one insurer has lowered premiums substantially on their comprehensive coverage.

TABLE 11			
Average Comprehensive Premiums Composite Average For All 16 Rating Areas (Two Vehicles in Example 2)			
Company	2000	2002	% Change
Allstate	\$1,009	\$ 567	-43.8
Auto Club	605	619	2.3
Auto Owners	357	411	15.1
Citizens	459	519	13.1
Farmers Ins. Exchange	931	1,394	49.7
State Farm	645	533	-17.4

When looking at comprehensive insurance rates in relation to auto theft, one should keep in mind that the portion of premium attributable to theft varies from company to company. This variation stems from an insurer's marketing strategy and actual experience which, at least in part, results from the areas of the state in which a majority of its policyholders are located. For example, those companies with a large number of policyholders in northern Michigan would experience fewer total auto theft losses and more losses resulting from car/deer accidents than those with more policyholders in urban areas.

Three of the six insurers listed in Table 12 report that from 1999 to 2001, auto theft claims fell as a percentage of total comprehensive claims. Three insurers indicate that the dollars paid on auto theft claims represent a smaller percentage of total dollars paid on comprehensive claims. That may be further proof that general damage claims are causing the increases in comprehensive premiums.

TABLE 12					
Company Ratios of Auto Theft Claims in Michigan to Total Comprehensive Claims					
COMPANY	THEFT CLAIM RATIO	THEFT \$ PAID RATIO	COMPANY	THEFT CLAIM RATIO	THEFT \$ PAID RATIO
Allstate			Citizens		
1989	7.3%	47.4%	1989	4.2%	28.2%
1991	5.9%	37.8%	1991	4.9%	23.4%
1993	5.1%	36.4%	1993	4.6%	24.6%
1995	3.9%	31.0%	1995	0.1%	0.2%
1997	4.0%	28.9%	1997	0.1%	0.3%
1999	7.7%	36.7%	1999	0.3%	0.9%
2001	7.7%	37.8%	2001	0.5%	1.6%
2002	6.5%	33.7%	2002	0.2%	0.6%
Auto Club			Farmers Ins.		
1989	9.7%	55.9%	1989	5.2%	29.9%
1991	7.8%	47.3%	1991	4.7%	15.0%
1993	7.0%	46.8%	1993	4.9%	31.5%
1995	13.6%	49.3%	1995	7.7%	32.5%
1997	11.0%	46.1%	1997	6.1%	27.0%
1999	3.7%	30.0%	1999	6.4%	30.7%
2001	3.3%	31.1%	2001	5.4%	27.6%
2002	3.5%	31.4%	2002	7.9%	23.6%
Auto Owners			State Farm		
1989	3.2%	23.0%	1989	2.2%	21.7%
1991	2.5%	16.3%	1991	1.9%	17.6%
1993	2.4%	18.3%	1993	2.2%	21.2%
1995	2.0%	14.5%	1995	2.5%	23.7%
1997	1.9%	13.9%	1997	2.5%	23.2%
1999	1.9%	14.5%	1999	1.8%	17.7%
2001	1.9%	13.5%	2001	1.7%	15.6%
2002	1.6%	11.4%	2002	1.5%	13.9%

Source: Company Data, 1989-2002

Table 13 provides part of the story by indicating how Michigan ranks nationally on average cost of comprehensive premium. Michigan has dropped from fifth place in 1987 to 20th place in 1991 and then rose to 15th place in 2000 (latest data available).

The average comprehensive premium Michigan motorists paid has increased from \$121.55 in 1987 to \$161.54 in 2000. The overall net increase of almost \$40.00 (33%) should be framed in the context that in the same time period, the average cost of an automobile has nearly doubled.

Perhaps the best way to evaluate the data provided by Table 13 is to consider what would have happened if Michigan had remained in fifth place. Under that scenario, Michigan motorists would have paid \$28.02 (see New York in 2000 column) more in comprehensive premiums than they do now. These real dollar savings can be directly attributed to the reduction of automobile theft claims experienced by Michigan insurers. Since the annual cost of the Automobile Theft Prevention Authority to the policyholders is only \$1, the \$28 return is excellent. Over the 14 years (1987-2000), Michigan residents have paid \$14 and saved \$339.33 in premiums.

TABLE 13							
States With Highest Average Comprehensive Premium							
STATE	AVERAGE COMP. PREMIUM				% CHANGE 1995—1997	% CHANGE 1997—1999	% CHANGE 1999—2000
	1995	1997	1999	2000			
1. Dist. of Col.	\$188.38	\$206.45	221.43	227.23	9.6%	7.3%	2.6%
2. Colorado	166.73	178.58	197.17	201.89	7.1%	10.4%	2.4%
3. Kansas	151.47	170.25	187.53	193.95	12.4%	10.1%	3.4%
4. Wyoming	160.13	178.45	186.00	191.11	11.4%	4.2%	2.7%
5. New York	190.54	194.73	196.51	189.56	2.2%	0.9%	-3.5%
6. New Jersey	155.53	177.44	188.16	186.43	14.1%	6.0%	-0.9%
7. South Dakota	150.90	161.47	178.26	185.31	7.0%	10.4%	4.0%
8. North Dakota	131.93	152.76	176.03	183.02	15.8%	15.2%	4.0%
9. Montana	147.22	160.71	171.66	182.79	9.2%	6.8%	6.5%
10. Nebraska	140.53	157.11	169.88	177.66	11.8%	8.0%	4.6%
11. Arizona	135.28	156.96	169.42	174.81	16.0%	7.9%	3.2%
12. New Mexico	147.13	158.49	168.83	168.85	7.7%	6.5%	0.0%
13. Mississippi	122.51	143.73	159.71	164.53	17.3%	11.1%	3.0%
14. Louisiana	132.99	148.29	165.86	164.35	11.5%	11.8%	-0.9%
15. Michigan	132.49	146.09	159.58	161.54	10.3%	9.2%	1.2%
16. Minnesota	113.35	125.46	141.87	158.44	10.7%	13.1%	11.7%
17. Oklahoma	151.88	156.71	148.74	152.66	3.2%	-5.1%	2.6%
18. West Virginia	111.69	124.59	141.65	150.78	11.5%	13.7%	6.4%
19. Georgia	122.37	134.04	148.68	147.45	9.5%	10.9%	-0.8%
20. Massachusetts	117.21	110.54	138.59	142.38	-5.7%	25.4%	2.7%
SELECTED OTHER HIGH THEFT STATES							
Texas	148.91	137.13	145.81	134.75	-7.9%	6.3%	-7.6%
Maryland	102.88	113.03	124.04	122.95	9.9%	9.7%	-0.9%
Pennsylvania	93.79	109.79	118.71	114.38	17.1%	8.1%	-3.6%
Florida	100.41	110.78	112.87	112.44	10.3%	1.9%	-0.4%
Illinois	110.24	114.33	112.05	111.95	3.7%	-2.0%	-0.1%
California	159.80	122.09	112.98	110.32	-23.6%	-7.5%	-2.4%
National Average	\$116.91	\$122.34	\$130.82	\$131.64	+4.6%	+6.9%	+0.8%

Source: National Association of Insurance Commissioners—April 2002

The National Association of Insurance Commissioners (NAIC) “makes the point that extreme caution must be exercised in interpreting average expenditure and premium measures” . . . Since . . . “They are imperfect measures of the relative ‘price’ of insurance across states because . . . they are affected by a number of other factors.”

The NAIC report indicates that average premiums for automobile insurance are affected by a number of factors:

- Average coverage purchased	- Medical costs
- Average deductible selected	- Law enforcement and tort liability laws
- Average value of vehicle insured	- Average accident rates and vehicle repair costs
- Average driver characteristics	- Motor vehicle theft rate
- Traffic conditions and road maintenance	- Rate regulatory approaches
- Proportion of drivers in urban areas	- Financial responsibility requirements
- Cost of living and wage levels	

They go on to indicate that “the auto insurance product is not homogenous across states. Therefore, caution should be exercised when making direct comparisons between states. Because of the many different factors that affect average premiums, these measures do not indicate the relative efficiency of the auto insurance markets in various states.”

Any time a factor of averages is used for comparison, it is best to recall how an average comprehensive premium is compiled. All insurers—regardless of their market share—are added together and the sum is divided by the number of insurers. That process places insurers who really are not competitively priced and who only hold a small fraction of the market on an equal footing with companies who are lower priced and are increasing their already substantial market share. While the National Association of Insurance Commissioners data would be better if they could weigh premium costs based upon an insurer’s market share, all the states were treated consistently.

MICHIGAN OFFICE OF FINANCIAL AND INSURANCE SERVICES (OFIS) BUYERS’ GUIDE

To enable consumers to easily shop for automobile insurance, the OFIS conducts an annual survey of premiums charged by all Michigan insurers in four very specific examples (age, marital status, miles driven daily/yearly, driving records, and type of automobile). That data is published in the Buyers’ Guide to Auto Insurance in Michigan, which can be obtained free of charge from the OFIS. The Buyers’ Guide compares total premiums charged in 16 different areas of the state so consumers can easily identify those companies in their area which are the least expensive. For this report, the premiums used are all from example two of the 2002 survey.

Since this report's focus is only on comprehensive premiums that pay for stolen vehicles, the OFIS provided that additional data from six large insurers for each of the sixteen rating areas within the state. (See Appendix III.)

Table 14 shows the average annual total insurance premium, average annual comprehensive premium and the average percentage of the total premium that the comprehensive coverage represents for various state locations. The table gives the 2002 figures for six of the major insurers detailed in Table 11 and Appendix III. (The 2000 data included nine insurers.)

<p style="text-align: center;">TABLE 14</p> <p style="text-align: center;">Comprehensive Coverage as a Percentage of Average Total Premiums for Various Michigan Locations</p>						
AREA	AVERAGE TOTAL PREMIUM		AVERAGE COMP. PREMIUM		% COMP. PREMIUM	
	2000	2002	2000	2002	2000	2002
Statewide	\$2,919	\$3,372	\$ 655	\$ 674	22.4	20.0
Southwest Detroit	4,616	5,315	1,152	1,239	25.0	23.3
Northwest Detroit	3,973	4,398	984	985	24.8	22.4
North Central Detroit	4,387	5,357	1,092	1,253	24.9	23.4
South Central Detroit	4,744	5,399	1,169	1,255	24.6	23.2
Northeast Detroit	4,076	4,896	1,036	1,185	25.4	24.2
Pontiac	2,980	3,526	574	551	19.3	15.6
Macomb County	2,648	2,772	587	449	22.2	16.2
Wyandotte	2,407	2,440	518	449	21.5	18.4
Ypsilanti	2,256	2,730	451	452	20.0	16.6
Lansing	2,024	2,420	386	390	19.1	16.1
Kalamazoo	1,788	2,128	357	382	20.0	18.0
Traverse City	1,772	2,077	375	400	21.2	19.3
Marquette	1,828	1,987	416	415		20.9
Saginaw	2,415	2,753	482	461	20.0	16.7
Flint	2,804	3,176	545	513	19.4	16.2
Grand Rapids	1,981	2,577	356	401	18.0	15.6

Source: Michigan OFIS– 2000 & 2002 Buyer’s Guide To Auto Insurance In Michigan - Example 2

The average comprehensive and total premiums listed in Table 14 represent a wide diversity of rates and marketing strategies. Further, insurer visibility, or lack of visibility, in urban areas affects their loss experience and, consequently, their rates. Still, it is interesting to note that the average comprehensive premium in south-central Detroit is 86% higher than the statewide average comprehensive premium for all insurers and 229% greater than the average comprehensive for Kalamazoo. Clearly, high vehicle theft rates in Detroit have significantly impacted the cost of comprehensive insurance coverage there.

STATEWIDE PREMIUMS

The Office of Financial and Insurance Division's 2002 Buyers' Guide survey provides premium data from 71 insurance companies (example 2), and Table 15 lists the most expensive and least expensive company in each of the 16 rating areas. This data appears to indicate that a smart consumer can save thousands of dollars annually on automobile insurance if the least expensive policy is purchased instead of the most expensive. However, these base rates do not reflect many of the common discounts (group, credit score, etc.) that many companies offer. Therefore, the premiums listed in the Buyers' Guide are typically higher than what a purchaser would pay after all applicable discounts are applied.

A quick review of the 71 insurers in the Buyers' Guide reveals several companies whose premiums are consistently three times as expensive as others are in the data. Perhaps their marketing strategy is to target only high-risk drivers. On the other side of the spectrum, there are several companies who are consistently the lowest cost option. With a mixture like that, the Buyers' Guide is a good tool for consumers to start with, but consumers still need to conduct additional research to identify the insurer that is best for them.

Table 15 shows that the cost of the auto insurance coverage varies considerably depending upon the area of residence and the insurance carrier selected.

TABLE 15						
Highest and Lowest Cost Premiums by Rating Area						
LOCATION	TOTAL ANNUAL PREMIUMS					
	High			Low		
	1998	2000	2002	1998	2000	2002
Southwest Detroit	7,400	9,354	13,490	2,133	2,089	2,375
Northwest Detroit	7,049	7,512	13,958	1,574	1,914	2,150
North Central Detroit	7,690	8,472	12,662	1,763	2,005	2,375
South Central Detroit	7,690	7,468	12,622	2,161	2,089	2,375
Northeast Detroit	7,400	8,362	13,490	1,574	1,797	2,004
Pontiac	5,563	5,267	8,908	1,416	1,369	1,824
Macomb Co. - Warren	6,036	5,262	12,602	1,416	1,330	1,986
Wyandotte	7,049	5,608	13,958	1,278	1,158	1,502
Ypsilanti	5,161	4,408	5,365	1,104	1,219	1,402
Lansing	5,346	4,704	5,028	1,119	1,136	1,202
Kalamazoo	5,608	4,564	5,552	1,013	952	1,109
Traverse City	5,675	4,734	5,305	1,006	1,057	1,275
Marquette	5,675	4,734	5,649	1,061	1,002	1,103
Saginaw	5,503	4,574	5,996	1,278	1,248	1,483
Flint	5,593	4,574	7,439	1,304	1,373	1,514
Grand Rapids	5,392	4,564	5,578	1,006	1,047	1,260

Source: Michigan OFIS 1998, 2000, and 2002 Buyers' Guide to Auto Insurance in Michigan - Example 2

APPENDICES

APPENDIX I

Total Comprehensive and Vehicle Theft Claims Experience for Six Major Companies 1991-2001

Year	Comp. Claims	Theft Claims	Ratio	Total Comp. Claims Paid \$1,000	Total Theft Claims Paid \$1,000	Ratio	Average Theft Claim \$ Paid
Allstate Insurance Company							
1991	53,923	3,194	5.9%	33,445	12,638	37.8%	3,956
1993	48,225	2,436	5.1%	30,170	10,967	36.4%	4,502
1995	65,405	2,570	3.9%	46,483	14,417	31.0%	5,810
1997	82,146	3,285	4.0%	67,476	19,469	28.9%	5,927
1999	73,144	5,637	7.7%	59,284	21,768	36.7%	3,862
2001	65,682	5,086	7.7%	58,357	22,045	37.8%	4,334
Auto Club Insurance Association							
1991	124,199	9,707	7.8%	97,237	45,958	47.3%	4,735
1993	94,916	6,300	7.0%	70,889	32,260	46.8%	5,113
1995	106,568	14,471	13.6%	89,831	44,322	49.3%	3,063
1997	117,208	12,909	11.0%	107,811	49,691	46.1%	3,849
1999	103,517	3,829	3.7%	90,371	29,986	30.0%	7,832
2001	108,204	3,531	3.3%	105,414	32,782	31.1%	9,284
Auto-Owners Insurance Company							
1991	27,953	711	2.5%	14,115	2,299	16.3%	3,233
1993	27,853	667	2.4%	14,524	2,656	18.3%	3,982
1995	27,999	572	2.0%	15,304	2,224	14.5%	3,888
1997	36,027	688	1.9%	23,099	3,206	13.9%	4,661
1999	45,931	895	1.9%	32,500	4,701	14.5%	5,253
2001	39,692	757	1.9%	31,478	4,245	13.5%	5,604
Citizens Insurance Company							
1991	49,904	2,431	4.9%	26,465	6,183	23.4%	2,543
1993	53,357	2,458	4.6%	28,707	7,056	24.6%	2,871
1995	62,654	52	0.1%	41,599	102	0.2%	1,967
1997	67,674	82	0.1%	49,934	155	0.3%	1,886
1999	61,213	177	0.3%	42,811	389	0.9%	2,196
2001	60,226	282	0.5%	43,665	679	1.6%	2,406
Farmers Insurance Exchange							
1991	6,681	314	4.7%	9,827	1,474	15.0%	4,694
1993	16,781	817	4.9%	10,478	3,297	31.5%	4,036
1995	25,178	1,930	7.7%	20,585	6,685	32.5%	3,464
1997	28,587	1,753	6.1%	28,288	7,638	27.0%	4,357
1999	28,746	1,835	6.4%	27,236	8,355	30.7%	4,553
2001	26,385	1,418	5.4%	28,367	7,841	27.6%	5,530
State Farm Mutual Insurance Company							
1991	129,634	2,450	1.9%	74,482	13,113	17.6%	5,352
1993	119,090	2,622	2.2%	69,732	14,788	21.2%	5,640
1995	135,081	3,394	2.5%	99,822	23,667	23.7%	6,973
1997	134,162	3,332	2.5%	109,924	25,467	23.2%	7,643
1999	122,125	2,206	1.8%	99,498	17,589	17.7%	7,973
2001	130,084	2,225	1.7%	115,550	18,061	15.6%	8,117

Source: Michigan Office of Financial and Insurance Services, Company Data

APPENDIX II

Household and Territories Used for Comprehensive Insurance Premium Comparison

A 2002 Household

Married couple, age 35
Both principal drivers
No tickets/no accidents
Household Income: \$65,000 per year
Two children

Wife: One mile commute, one-way to work, 3,000 miles/year
Husband: Twelve mile commute, one-way to work, 12,000 miles/year

CARS

1999 Chevrolet Blazer 4 x 4, 4-dr, Wife
1998 Ford Taurus LX Sedan, 4-dr, Husband

COVERAGES

No-Fault: BI/PD 100/300/100 limits or 300 Combined Single Limit
PPI \$1,000,000
PIP medical and work loss excess

Uninsured
Motorist: 20/40 limits

Comprehensive: \$100 deductible
Collision: Broad Form, \$250 deductible

Rating Territories

Location	Zip Code	Location	Zip Code
Southwest Detroit	48210	Ypsilanti	48197
Northwest Detroit	48219	Lansing	48915
North Central Detroit	48234	Kalamazoo	49008
South Central Detroit	48207	Traverse City	49684
Northeast Detroit	48205	Marquette	49855
Pontiac	48342	Saginaw	48601
Macomb - Warren	48093	Flint	48506
Wyandotte	48192	Grand Rapids	49505

Source: Michigan Office of Financial and Insurance Services

APPENDIX IIIa

Comprehensive Insurance Coverage as Percentage of Total Premium (16 Rating Areas)

	SW Detroit	NW Detroit	NC Detroit	SC Detroit	NE Detroit	Pontiac	Macomb Warren	Wyandotte
Allstate Ins. Co.								
Total Premium	4156	3591	4121	4262	3860	2623	2226	2166
Total Comp	1033	915	1071	1001	1056	389	378	393
Comp % of Total	24.8%	25.5%	26.0%	23.5%	27.3%	14.8%	17.0%	18.1%
Auto Club Ins. Assn.								
Total Premium	5396	3774	5313	4509	3933	3566	2687	2361
Total Comp	1245	913	1245	981	1029	541	397	379
Comp % of Total	23.1%	24.2%	23.4%	21.8%	26.2%	15.2%	14.8%	16.1%
Auto-Owners								
Total Premium	4293	3206	3886	4293	3206	3026	2969	2242
Total Comp	635	470	572	635	470	442	433	322
Comp % of Total	14.8%	14.7%	14.7%	14.8%	14.7%	14.6%	14.6%	14.4%
Citizens Insurance								
Total Premium	5112	4829	5555	5555	5112	3084	2397	1853
Total Comp	850	801	926	926	850	501	383	292
Comp % of Total	16.6%	16.6%	16.7%	16.7%	16.6%	16.2%	16.0%	15.8%
Farmers Ins. Exchange								
Total Premium	8474	7730	7964	8474	7964	5385	4120	3956
Total Comp	2730	2393	2446	2730	2446	1048	836	1003
Comp % of Total	32.2%	31.0%	30.7%	32.2%	30.7%	19.5%	20.3%	25.4%
State Farm Mutual Auto								
Total Premium	4457	3256	5302	5302	5302	3474	2235	2064
Total Comp	943	417	1256	1256	1256	386	269	305
Comp % of Total	21.2%	12.8%	23.7%	23.7%	23.7%	11.1%	12.0%	14.8%

Source: 2002 Michigan Office of Financial and Insurance Services Survey Data- Example 2

APPENDIX IIIb

Comprehensive Insurance Coverage as Percentage of Total Premium (16 Rating Areas)

	Ypsilanti	Lansing	Kazoo	Traverse City	Marquette	Saginaw	Flint	Grand Rapids
Allstate Ins. Co.								
Total Premium	2213	1914	1842	1818	1835	2081	2261	2053
Total Comp	370	300	315	343	420	404	366	311
Comp % of Total	16.7%	15.7%	17.1%	18.9%	22.9%	19.4%	16.2%	15.2%
Auto Club Ins. Assn.								
Total Premium	2680	2537	1953	1916	1783	3246	3479	2124
Total Comp	426	379	319	344	319	491	568	328
Comp % of Total	15.9%	14.9%	16.3%	18.0%	17.9%	15.1%	16.3%	15.4%
Auto-Owners								
Total Premium	2437	2093	1974	1865	1974	2489	3422	2135
Total Comp	350	296	280	262	280	359	503	268
Comp % of Total	14.4%	14.1%	14.2%	14.0%	14.2%	14.4%	14.7%	12.6%
Citizens Insurance								
Total Premium	2503	2001	1656	1834	1979	2648	3174	1735
Total Comp	401	314	255	286	310	426	516	269
Comp % of Total	16.0%	15.7%	15.4%	15.6%	15.7%	16.1%	16.3%	15.5%
Farmers Ins. Exchange								
Total Premium	4120	3697	3646	3400	2499	3272	3359	5137
Total Comp	836	805	907	914	821	728	678	981
Comp % of Total	20.3%	21.8%	24.9%	26.9%	32.9%	22.2%	20.2%	19.1%
State Farm Mutual Auto								
Total Premium	2425	2277	1695	1631	1851	2779	3360	2275
Total Comp	326	246	217	252	342	358	449	249
Comp % of Total	13.4%	10.8%	12.8%	15.5%	18.5%	12.9%	13.4%	10.9%

Source: 2002 Michigan Office of Financial and Insurance Services Survey Data - Example 2

APPENDIX IV

Michigan Automobile Theft Prevention Authority 2003 Total Approved Budgets

GENESEE COUNTY	
Genesee County Prosecutor's Office	\$117,435
Genesee County Sheriff's Department	597,722
KENT COUNTY	
Garfield Park Neighborhood Association	15,860
Grand Rapids, Kentwood, and Wyoming Police Departments	317,189
West Grand Neighborhoods	20,700
MACOMB COUNTY	
Macomb County Prosecutor's Office	112,571
Macomb County Sheriff's Department	755,581
OAKLAND COUNTY	
Oakland County Prosecutor's Office	238,928
Oakland County Sheriff's Department	701,935
Southfield Police Department	220,116
SAGINAW COUNTY	
Saginaw County Prosecutor's Office	43,051
Saginaw Police Department	190,963
WAYNE COUNTY	
Detroit Fire Department	118,648
Detroit Police Department	1,678,767
Hamtramck Police Department	157,005
Michigan State Police, Downriver Team	645,561
Neighborhood Service Organization	40,508
Wayne County Prosecutor's Office	522,295
Western Wayne Auto Theft Team	886,561
OTHER	
Lansing Police Department	91,615
Michigan Department of State	88,889
Michigan State Police, Monroe Auto Theft Team	114,822
Michigan State Police, Southwestern Michigan Team	468,228
Michigan State Police, Washtenaw Team	197,394
Ottawa County Sheriff Department	9,974
Training Grant	109,400
TOTAL	\$8,461,718

Source: Michigan Automobile Theft Prevention Authority

APPENDIX Va

STANDARDS FOR AUTOMOBILE THEFT PREVENTION AND RECOVERY DEVICES **Approved By The Michigan Automobile Theft Prevention Authority, June 22, 1994**

Effective January 1, 1995

The following automobile theft prevention and recovery devices have been approved by the Automobile Theft Prevention Authority (ATPA), in accordance with Act 143 P.A. of 1993. Any vehicles which are equipped with or contain these devices will qualify for a reduction in the automobile's comprehensive insurance premium. The amount of the specific reduction for each category will be determined by each insurance company, and insurers may choose to provide a greater discount to vehicles which have devices from two or more categories.

Two categories of effectiveness in preventing vehicle theft have been identified, as well as one category for systems which assist in the recovery of the vehicle if it is stolen. Proper use of the systems described in categories one and two will respectively provide an optimum level and a minimum level of theft deterrence. A vehicle properly equipped with a recovery device will enhance efforts to recover the vehicle.

1. CATEGORY ONE - PASSIVE SYSTEMS PROVIDING OPTIMUM LEVEL OF SECURITY

The systems in this category will provide the optimum level of deterrence. To qualify for this discount, the vehicle must be equipped with at least one passive device (device is activated automatically when the vehicle's ignition key is removed).

- A. A passive alarm system which has a back-up battery and meets or exceeds criteria established in Category Two.
- B. Passive disabling devices which prevent the vehicle's steering, fuel, transmission/transaxle, ignition or starting systems from operating, and devices which prevent the vehicle's braking system from releasing.
- C. A passive time delay ignition system which allows the vehicle to be started only after a preset delay or delayed ignition cut-off system which disables the vehicle at a preset engine speed.
- D. A passive vehicle entry/ignition key system.

2. CATEGORY TWO - ACTIVE SYSTEMS PROVIDING A MINIMUM LEVEL OF SECURITY

Any of the systems in this category will provide at least a minimum level of deterrence. To qualify for a discount, the vehicle must be equipped with at least one of these listed devices (which must be manually activated by the vehicle owner prior to leaving the vehicle). An insurer may chose to offer an increased discount if the vehicle has two or more of these devices.

- A. Alarm only devices--activated by a door, hood, or trunk being opened or by motion inside the vehicle--which sound an audible alarm that can be heard at a distance of at least 300 feet for a minimum of three minutes, or

APPENDIX Vb

STANDARDS FOR AUTOMOBILE THEFT PREVENTION AND RECOVERY DEVICES

Approved By The Michigan Automobile Theft Prevention Authority, June 22, 1994

Effective January 1, 1995

- B. Manually activated disabling devices which prevent the vehicle's steering, fuel, transmission/transaxle, ignition or starting systems from operating, and devices which prevent the vehicle's braking system from releasing.
- C. Etching of 17 digit VIN on windshield, rear window glass, and both front door windows.

3. **CATEGORY THREE - SYSTEMS WHICH ASSIST IN VEHICLE RECOVERY**

The systems in this category enhance the effort to recover the vehicle after it is stolen.

- A. A device which, when activated, emits an electronic signal that can be tracked by either a law enforcement agency or by a private monitoring station which relays the information on the vehicle's location to law enforcement officers.

Source: Michigan Automobile Theft Prevention Authority